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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOXO
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
USCINCCENT MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO FOR ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

E.O. 12958: N/A
TAGS: IS KMDR MEDIA REACTION REPORT
SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

11. Mideast
12. Iran: Nuclear Program

Key stories in the media:

All media reported (banners in all newspapers, except Maariv) the suicide bombing that took place near Tel Aviv's old central bus station on Thursday afternoon. Around 30 people were wounded -- one is in serious condition, and five others sustained moderate wounds. An Islamic Jihad cell in Nablus claimed responsibility for the attack. The Jerusalem Post reported that a PA official told the newspaper that Islamic Jihad wants to embarrass the PA and Chairman [President] Mahmoud Abbas ahead of Wednesday's legislative elections. Major media reported that on Thursday, Defense Minister Shaul Mofaz accused Iran of funding the bombing and Islamic Jihad headquarters in Damascus of ordering it. Media reported that Israel has already given details of the intelligence behind Mofaz's statements to the U.S., EU, and Egypt. Leading media reported that PA Chairman [President] Mahmoud Abbas condemned the attack, calling it a "despicable act of terror that was carried out outside the Palestinian consensus." Israel Radio reported that Egypt and Jordan also condemned the attack. The station reported that the White House and State Department condemned the bombing. The radio reported that White House Press Secretary Scott McClellan and State Department Spokesman Sean McCormack called upon the PA to do everything it can to dismantle the terrorist infrastructure.

Maariv bannered its poll that found that over 50 percent of the Israeli public favor a new unilateral withdrawal from settlements in the West Bank (see below).

Kadima Knesset candidate and former Shin Bet head Avi Dichter was quoted as saying in an interview with The Jerusalem Post that Kadima will not lead Israel to a unilateral withdrawal from the West Bank and that it is in no hurry to make territorial concessions to the Palestinians. The Jerusalem Post quoted a source close to Olmert as saying that he is set to make a "dramatic speech" at the Herzliya Conference on Tuesday night. Israel Radio cited the United Arab Emirates newspaper Al-Bayan as saying that Egyptian FM Ahmed Ali Abu el-Gheit and Israeli FM Tzipi Livni spoke on the phone on Thursday. Abu el-Gheit reportedly told Livni that the degradation of Israeli-Palestinian relations must be curbed and that confidence must be built between the parties. Livni reportedly said that she is prepared to act with Egypt and the Palestinians in order to resume the diplomatic process in the region.

Ha'aretz reported that Defense Minister Shaul Mofaz decided on Thursday at a meeting with army and police officials that security forces will tentatively plan to begin evacuating West Bank settlers from the illegal Amona outpost and the Palestinian wholesale market in

Hebron between January 29-31. Maariv reported that the IDF is confiscating weapons in Samaria (northern West Bank) outposts slated for evacuation.

Maariv (Ben Caspit) reported that Otniel Schneller, a former head of the Yesha Council of Jewish Settlements in the Territories, who is slated to serve in the government of Ehud Olmert if the latter is elected prime minister, presented a political plan to PM Sharon a few hours before Sharon's stroke, according to which settlements would be evacuated and Palestinian territorial contiguity created. Caspit also discloses that in 2001, one year into the Al-Aqsa Intifada, now jailed Tanzim leader Marwan Barghouti, through meetings with Israeli officials involving his relatives Jihad Barghouti and Mustafa Barghouti, tried to end Yasser's Arafat rule and reach an agreement with Israel.

Ha'aretz reported that Nof Zion, a luxury project in southeast Jerusalem with panoramic views of the Temple Mount, is being marketed to wealthy American Jews seeking a second home in Jerusalem. The newspaper quoted real estate experts as saying that the developers are intentionally unloading the project on eager, but ignorant, overseas buyers who might not understand that it is located in Arab Jerusalem.

Major media reported that Nadim Milham, an Israeli-Arab resident of the Wadi Ara region (between Hadera and Afula), was shot on Thursday during a raid on the man's house. There is a controversy about whether the police acted in self-defense, or whether Milham was killed in cold blood. The media reported that police are bracing for violent clashes during Milham's funeral today.

Leading media reported that Abbas recently told PA leaders in private meetings that he would resign if Hamas wins the elections. Hatzofe reported that this week, anonymous Fatah activists threatened to harm him if he visits the Gaza Strip.

Yediot cited the belief of PM Sharon's doctors that following an improvement in Sharon's condition, he is expected to be taken off the respirator and will be able to breathe independently.

Yediot reported on a further rapprochement between Israel and NATO.

Leading media reported that a civilian security company took over the inspection of the Erez terminal crossing in the northern Gaza Strip on Thursday, marking the end of the IDF presence there in the framework of the Gaza disengagement.

Yediot and The Jerusalem Post reported that Urua [phon.] Hassan Ali, an Israeli Arab who escaped to Lebanon during a furlough from jail in April 2005, was detained by Hezbollah, and that he provided the organization with intelligence about Israel. He was arrested upon his return to Israel in December 2005.

Leading media quoted former IDF Chief of Staff Moshe Ya'alon as saying on Thursday that the rule of law was harmed during the disengagement, which he said also harmed Israel's deterrence in the face of terrorism.

The Jerusalem Post and other media reported that on Thursday, the Israeli defense establishment rejected Hezbollah leader Sheikh Hassan Nasrallah's announcement a day earlier that MIA Ron Arad, who disappeared in 1986, was dead.

All media reported that on Thursday, French President Jacques Chirac warned that France could respond with nuclear weapons against any state that carried out a terrorist attack or used weapons of mass destruction against his country. All media said that Chirac was referring to Iran's efforts to reach nuclear capability.

The Jerusalem Post reported that Holocaust Museum Watch, a group of American Jewish activists, has launched a campaign aimed at getting the U.S. Holocaust Museum to recognize anti-Semitic actions by Arab and Muslim leaders during World War II and to take a leading role in fighting anti-Semitism in the Arab world.

Yediot reported that Turin's police chief has requested help from the Shin Bet to help secure the 2006 Winter Olympic Games.

Ha'aretz quoted Israeli officials as saying that institutional investors in New York are showing tremendous interest in the privatization of Oil

Refineries, 74 percent of which is owned by the state and 26 percent by the Ofer Brothers' The Israel Corporation.

Maariv printed the results of a TNS/Teleseker Polling Institute survey conducted on Thursday:
- "This week, a new initiative including the possibility of a further unilateral disengagement from land in Judea and Samaria [i.e. the West Bank] was published. The initiative includes the evacuation of settlements if a peace treaty with the Palestinians is not reached within a fixed time. Do you support or are you opposed to a further disengagement in Judea and Samaria?"
Support: 51 percent; opposed: 49 percent.

- "If diplomatic efforts fail, should Israel act militarily against Iran in an attempt to thwart its nuclear program, even at the cost of an Iranian attack on Israel?" Israel should act: 49 percent; Israel shouldn't act: 40 percent.

Channel 10-TV and Ha'aretz published the results of a survey conducted Wednesday night by Prof. Camille Fuchs of the Amanet Group's Dialogue Institute, which show a rise of the Labor Party to 19 Knesset seats (compared to 16 on January 11) and of Likud to 17 (from 13). Kadima loses three points (from 44 to 41).

The Jerusalem Post cited a study conducted by Palestinian pollster Khalil Shikaki for the U.S. Institute of Peace, which analyzes trends in Palestinian public opinion and finds it "is not an impediment to progress in the peace process." The study was published in Washington on Thursday.

I. Mideast:

Summary:

Senior columnist Dan Margalit wrote in popular, pluralist Maariv: "Olmert was right this week when he expressed ... his readiness to strive for a permanent-status agreement with the Palestinians. But it looks as though there is no one to talk to in Ramallah."

Washington correspondent Nathan Guttman wrote in the conservative, independent Jerusalem Post: "The U.S. will have to decide if it still sees any chance to move forward with Abbas or whether it is time to write off the PA."

Block Quotes:

I. "No One To Talk To"

Senior columnist Dan Margalit wrote in popular, pluralist Maariv (January 20): " Abu Mazen is caught in a continued crisis of depression and anxiety (he opposed peace at Camp David); Hamas doesn't intend to reach peace but a hudna [truce] but does intend to continue terrorism; the mix of terror and anxiety within the Palestinian leadership won't instill in it a spirit of conciliation at the negotiating table. Because of the above I believe that Olmert was right this week when he expressed ... his readiness to strive for a permanent-status agreement with the Palestinians. But it looks as though there is no one to talk to in Ramallah."

II. "Approaching Zero Tolerance"

Washington correspondent Nathan Guttman wrote in the conservative, independent Jerusalem Post (January 20): "The question now facing the [U.S.] administration is what to do the day after the Palestinian elections. It is a given fact that Hamas will end up in an influential position in the new Palestinian cabinet. American law prohibits any contact of American officials with organizations on the State Department's terror list -- which Hamas has been on for years. American diplomats will probably resort to the 'Hizbullah formula'.... U.S. officials ... will continue dealing with the PA without talking directly to Hamas representatives. But this only relates to technicalities. On the broader issue, the U.S. will have to decide if it still sees any chance to move forward with Abbas or whether it is time to write off the PA, reduce involvement to the necessary minimum, and wait for better days. This decision will have to

be postponed for a few months. It will depend on the level of violence after the elections, on the results of the elections in Israel, and on Abbas's ability to regain the credit he lost."

12. Iran: Nuclear Program:

Summary:

Senior columnist and longtime dove Yoel Marcus wrote in independent, left-leaning Ha'aretz: "The issue is not Iran against Israel, but Iran against the world.... Our leaders, with their threats and warnings and pompous self-importance, would be advised to hold their horses."

Editorial Page Editor Saul Singer wrote in the conservative, independent Jerusalem Post: "The ultimate solution to the Iran problem is an old-fashioned one: revolution."

Senior columnist and chief defense commentator Zeev Schiff wrote in Ha'aretz: "It is not enough to ask if extremist Shi'ite Iran will go nuclear but whether the Middle East will be transformed in its wake into a region with a number of nuclear countries."

Block Quotes:

I. "Hold Your Horses"

Senior columnist and longtime dove Yoel Marcus wrote in independent, left-leaning Ha'aretz (January 20): "If the world were indifferent to Iranian threats to destroy Israel, we would have something to worry about. But this is not the case. Iran today is a command center for global terror, and the danger of it becoming a nuclear power also jeopardizes the Gulf States, which have more important interests than firing nuclear missiles at Israel. When sources of oil are threatened, the whole world is at risk.... The issue is not Iran against Israel, but Iran against the world. To stop Iran, let alone attack it, is out of our range. We like to talk big, but in this terrifying match, we should be sitting in the bleachers not playing on the field. As part of the sane world, it is definitely in our interest to cooperate in the global effort to put the brakes on Iran, through transmitting data or participating in international brainstorming. But it is important that while contributing to the global collective and its defense, we preserve a sense of modesty and lay low. Our leaders, with their threats and warnings and pompous self-importance, would be advised to hold their horses."

II. "An Old-Fashioned Solution"

Editorial Page Editor Saul Singer wrote in the conservative, independent Jerusalem Post (January 20): "Make no mistake, if the mullahs fell, it would be a major, perhaps mortal blow to al-Qaida and to militant Islam worldwide. This is so because terrorists depend not on military power, which they lack, but on a sense of inevitability and despair, which they hope to create. They are either the wave of the future, or they are nothing.... The most significant impact of economic, or even military, sanctions, may not be their direct effects but their contribution to a comprehensive denial of legitimacy. Though the mullahs seem to revel in flouting the international community, it is such isolation and rejection -- and their own people -- that they fear most. The ultimate solution to the Iran problem is an old-fashioned one: revolution."

III. "From Iran, a Nuclearized Mideast?"

Senior columnist and chief defense commentator Zeev Schiff wrote in Ha'aretz (January 20): "The nuclear crisis is focused on Iran. But the truth is that it is not how the conflict should necessarily be seen. Strategically, the crisis should be regarded from a regional perspective. It is not enough to ask if extremist Shi'ite Iran will go nuclear but whether the Middle East will be transformed in its wake into a region with a number of nuclear countries. Not a bipolar nuclear region, but multi-polar, including perhaps terror groups, which raises doubts whether it would be possible to prevent the use of nuclear weapons

in the region."

JONES